

# Communication on Progress

**Grant Thornton Amyot LLC**

October 2009



Հանձնարարական ծախսերի  
համար, օրենքի համաձայն  
համար 8/1

Ժ. + 374 10 260 964  
Ս. + 374 10 260 961

Grant Thornton Amyot LLC  
8/1 Vagharshyan Str.  
0012 Yerevan, Armenia

T + 374 10 260 964  
F + 374 10 260 961

[www.gta.am](http://www.gta.am)

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## STATEMENT OF CONTINUED SUPPORT

Grant Thornton Amyot has joined the Global Compact in 2006 and since then has made the ten principles of the Compact integral part of the organization. The values and principles of the Global Compact are reflected in all aspects of our internal and external activity.

Being part of Global Compact for Grant Thornton Amyot is beyond formal recognition and adherence to the ten principles; it is enrooted in daily business processes, is a guidance note in decision-making and is instilled on all levels of the company.

The management of Grant Thornton Amyot reiterates its full commitment to the ten principles of the Compact and believes that by being part of the Compact, we benefit as an organization and make our contribution to promotion of the principles and achieving greater sustainability within our community.

We hereby report on implementation of the Global Compact principles and express commitment to remain true to them in the future.

Yours sincerely,



Armand Pinarbasi  
Managing Partner

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# Company Profile

## Fast facts

### Who we are

Grant Thornton Amyot LLC is a member firm of Grant Thornton International and was founded in early 1990s, bringing to the market the philosophy shared by all member firms - partner-led and personalized services, conformity with high professional standards and dedication to the needs of the public sector and growth-oriented businesses.

### Where we are

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### How we work

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Grant Thornton Amyot is a multi-professional group of public accountants and auditors, specialist advisers in finance, business and management, as well as tax and legal advisers. Our team consists of over 100 experienced international and local professionals working at our Yerevan and Tbilisi offices.

Supported by the depth of the international structure, the strength of the brand and the high standards of quality in the network, we deliver services which meet the high expectations of our clients.

### What we do

We provide audit, in-depth professional consulting services and specialist advice to enterprises, national and commercial banks, financial institutions, governmental, local and international organizations.

#### Assurance

- audit of statutory financial statements
- audit of financial statements prepared according to International Financial Reporting Standards (IFRS), US GAAP and other financial reporting frameworks
- review of financial statements
- agreed upon procedures
- IT assurance (IS Auditing Standards, Guidelines and Procedures (ISACA), ITAF).

As statutory auditors we prepare reports to shareholders as required by the law and attend the annual meetings of shareholders.

#### Tax

We advise our clients on all aspects of corporate tax strategy development and tax planning, tax issues arising from formation or acquisition of a company, providing an overview of local and international perspectives.

#### Specialist advisory services (SAS)

##### Business risk services

Advising businesses on the effectiveness of their governance, risk management and internal controls including internal audit, internal control reviews, CFO services, CIO services (IT security, IT strategy, IT due diligence and IT assessment).

##### Mergers and acquisitions

Acquisitions and fund-raising, disposals, MBOs, MBIs.

##### Transaction advisory services

Due diligence, pre and post deal services, bid support, public company reporting.

##### Valuations

Executing business, company, share and asset valuations, either for commercial or statutory purposes.

##### Recovery and reorganisation

Advisory to insolvent companies, restructuring advice to underperforming businesses, strategic performance reviews, exit strategy services and M&A advice.

#### Other services

Outsourcing services range from set up of accounting systems and regular account maintenance to provision of interim reviews of the accounts and preparing budgets and monthly or quarterly reports. As accountants we also prepare year-end financial statements and all tax and social contribution returns.

Legal and policy advice involves a wide spectrum of corporate legal consultancy. We advise on incorporation and liquidation matters, legal representation, litigation, ad-hoc legal advice,

provision of legal opinions to execution of due diligence and structuring deals from a legal viewpoint. We also provide law drafting services to our clients.

#### What we have to say

“Our work has brought and still continues to deliver success and prosperity to all of our clients. We see our goal in helping our clients realize their ambitions, plan and achieve their long-term goals and sustain the growth of their businesses. Clients benefit from our vision beyond numbers, focus on risk, leading-edge software and value-added services.”



**Armand Pinarbasi**  
Managing partner

#### Our global organization



Grant Thornton International is one of the world's leading organizations of independently owned and managed accounting and consulting firms. These firms provide assurance, tax and specialist business advice to privately held businesses and public interest entities. More than 2,600 partners provide clients with distinctive, high quality and personalized service in over 100 countries. For more information visit [www.gti.org](http://www.gti.org).

#### Contact us

**Armand Pinarbasi**

Managing partner

T +374(0)10 260 964

E [gta@gta.am](mailto:gta@gta.am)

W [www.gta.am](http://www.gta.am)

# Communication on Progress

## UN Global Compact Principles HUMAN RIGHTS

- Business should support and respect the protection of internationally proclaimed human rights
- Business should ensure that they are not complicit in human rights abuses



### The Human Factor: our people

Our people are the greatest asset of our firm, one that makes Grant Thornton Amyot the leading audit and advisory company in Armenia, ensures high quality service provisions and earns the respected reputation of the organization. At Grant Thornton Amyot each member of its large team, irrespective of the position on the employment ladder, is a value which is cherished by the organization. The rights of our people are duly respected and our commitment to protection of internationally proclaimed human rights is applied in practice in our daily activity.

### We are an equal opportunity employer

The company ensures that no discrimination is applied towards the employees throughout the entire chain from recruitment, assessment of performance to termination of employment. No distinction of race, colour, gender, language, religion, political or other opinion, national or social origin, property, birth of other status, is made when employing, further retaining or terminating employment of persons in the company (Article 2 of the Universal Declaration of Human Rights). Assessment of human resource is made only on the basis of relevance of education, professional qualifications and personal skills to the requirements of the job position. The assessment methodology and logic is communicated to the employees prior the exercise.

### Gender balance

Grant Thornton Amyot does not discriminate on the basis of gender distinction among its employees. Promotion of male and female employees is carried out on equal basis. Approximately 55% of senior and managerial positions in the company are occupied by women.

### Equal treatment

Grant Thornton Amyot ensures that everyone, without any discrimination, has the right to equal pay for equal work, everyone who works has the right to just and favourable remuneration ensuring for himself and his family an existence worthy of human dignity, and supplemented, if necessary, by other means of social protection. The Human Resources Policies and Procedures Manual, the document that guides our activity in HR-related issues, illustrates the company's organizational structure, as well as the policy on remuneration, which is equal for equal positions and equal amount of work. Along with the rights of employees to work in equal and favourable conditions, the company also respects the right to rest and leisure. Each employee is entitled to 34 days of paid vacation, which exceeds the minimum set out by the Labour Code of the Republic of Armenia by 6 additional days. This beneficial term of employment is fixed under the Employment Contract provisions.

### Right to Education

Grant Thornton Amyot respects the employee's right to education and encourages them to continue professional and educational development. According to the Human Resources Policies and Procedures Manual, employees in certain positions are required to fulfil annually at least 40 hours of continuous professional education. Over 30% of the employees of the company are enrolled in special professional education courses, the expenses for which are covered by the company.

Grant Thornton Amyot signifies the potential of youth and as a socially responsible employer feels responsibility for encouragement of youth and their professional development. The company has a stable cooperation history with educational institutions in Armenia and within this cooperation a number of young students every year are provided with the opportunity to gain tangible work experience and practice.

Grant Thornton Amyot regularly hosts student interns, seeking to fulfil course requirements and acquire practical skills. On average each internship lasts 4-10 weeks. Throughout the past year 12 students have undergone internship in the company. The company provides them with respective technical resources, allocates specialists to provide support and training to interns. Upon completion of the internship those students, whose performance has been assessed as highly satisfactory, often are offered with employment opportunities.

Grant Thornton Amyot sponsors educational tuitions of a number of students each year. The company cooperates closely with several higher education institutions and within the scope of this cooperation, the company, in the past year, has provided full and partial scholarships to 8 students of the French University in Armenia.

As part of its commitment to support education, Grant Thornton Amyot on a regular basis initiates and publicises research material and information related to the sphere of financial services. This information is made accessible to students and other interested individuals on the



website of the company. In early 2009 Grant Thornton Amyot, together with its partners NASDAQ OMX Armenia and the USAID Financial Sector Deepening Project, have developed the handbook on “Capital Markets in Armenia”, which is the first publication of the type in Armenia providing comprehensive information on the peculiarities of the capital markets in Armenia, related procedures and processes.

## UN Global Compact Principles      LABOUR STANDARDS

- Business should uphold the freedom of association and the effective recognition of the right to collective bargaining
- Business should support the elimination of all forms of forced and compulsory labour
- Business should support the effective abolition of child labour
- Business should support the elimination of discrimination in respect of employment and occupation



### Working at Grant Thornton Amyot

The steady growth of Grant Thornton Amyot in terms of its market coverage, but primarily in this context, in terms of the number of personnel, speaks for itself. On the other hand the number of key professionals who have been with the company since its establishment also shows that there is great respect for the people. The company continuously invests in improvement of working conditions and ensures that labour standards are met at all levels of its activity. The personnel of the company is provided with up to date equipment and convenient working conditions. The office of the company is equipped with consideration of necessary safety and technical parameters and fully complies with commonly accepted standards. Grant Thornton Amyot operations also cover other countries and the company ensures that teams travelling on foreign missions are provided with sufficient working conditions regardless of their location or duration of the mission.

### Policies and procedures

The internal policies of Grant Thornton Amyot are in full consistency with the company's commitment to corporate social responsibility. They are set out in the Human Resources Policies and Procedures Manual, which is updated on regular basis to accommodate the human resource needs of the firm. The policies and procedures of Grant Thornton Amyot are in line with the labour legislation of the Republic of Armenia.

### Equal for all

Grant Thornton Amyot does not discriminate on the basis of race, age, sex, origin, marital status, religious or political conviction, and other characteristics. The company follows the policy of equal opportunity in employment and aims to create an environment free of direct or indirect discrimination and harassment. The recruitment and termination of employment are carried out in complete accordance with the Labour Code of the Republic of Armenia. The minimum age of

employees is 18 years. Equal opportunities are provided to everyone when hiring for a new position or a vacant one. No gender or age based discrimination is applied.

### Recruitment standards

When recruiting within Grant Thornton Amyot, the following procedure is adhered to:

- Public announcement of a new or vacant position is made based on which interested applicants submit their applications;
- Initial screening of applications is carried out to ensure that candidates meet minimum requirements set forth in the respective job specification, and to ensure diversity in the pool of candidates;
- Short-listed applicants are required to complete a test developed especially for the specificities of the job, based on which it is possible to assess their knowledge and skills outlined in the job specification. Written test of the professional aspect of a foreign language (usually English) is mandatory.
- When hired, a probation period of up to 3 months is assigned to the newly recruited employees, during which they undergo training in the areas of specific programmes and topics required for their work.

### Right to education

Grant Thornton Amyot is committed to:

- encouraging and sustaining professional development of its employees and their training aimed at acquiring job-related knowledge, skills and abilities.
- supporting the employees on their path of professional development, through both formal and on-job training, as well as assisting them in attaining professional qualification.
- creation of multicultural and diverse working environment, and hence encourages cross-border internships and secondments. In this area the company cooperates with Grant Thornton International, international student and professional associations. The company closely cooperates with AIESEC, an organization which runs international internship programs.
- sponsoring participation of staff members in service line conferences, technical trainings and workshops. Throughout the reporting period the company covered expenses for qualification exams, professional trainings and publications of about 50 staff members. The company also organizes series of internal professional developments programs developed to meet the needs of individual staff members as they progress in the firm. These include professional trainings for personnel that advance to positions of consultants, lawyers, auditors, in-charge auditors, and managers and induction program for newly hired employees. All of these trainings supplement the professional qualification trainings (MBA certification programs or Association of Chartered Certified Accountants), the accountant qualification and auditor license trainings (Ministry of Finance of the Republic of Armenia).

The organizational structure within the company ensures a direct reporting flow to managers and partners and the concerns of the employees always reach their addressees. The issues that arise throughout the working process immediately receive their response due to the smooth reporting chain. Teams of employees, depending on the department they work in, are lead by a manager, who in his/her turn reports to a respective partner coordinating the respective area of activity.

Grant Thornton Amyot strongly encourages professional personnel to attain membership of an appropriate professional body. For the personnel of the company such professional bodies include, but are not limited to:

- the Association of Accountants and Auditors of Armenia (AAAA),
- the Association of Chartered Certified Accountants (ACCA, UK).

#### Human resource evaluation

Grant Thornton Amyot, guided by the Human Resources Policies and Procedures Manual, fully adheres to its commitment to provide equal opportunities for all. For this purpose annually all employees within the company undergo an appraisal. The appraisal is carried out based on the Management Information Systems (MIS) software that has been developed by the company in 2006, customized to its needs and since then, among other aspect, ensures the transparency of the staff appraisal process. The Staff Appraisal section of the MIS is designed with the purpose of conducting Performance Appraisals in an electronic mode, through accessing personal appraisal pages for each staff member. It provides appraisal reports for individual staff members in brief or extended format, as well as a cumulative appraisal score sheet for the entire staff.

The objectives of the company's staff evaluation exercise are based on the principles of assuring fair, participatory, transparent and merit based acknowledgement of the performance and professional progress made by each of the partners and staff members within the company for a given period of time, usually equal to 12 consecutive months.

#### Compensation and benefits

As a positioned leader in the industry nationwide, Grant Thornton Amyot follows the strategy of ensuring market top average of the industry compensation for all staff members. Compensation scheme is developed based on factors indicating proper levels of motivation, loyalty and aspiration for continuous professional growth. The company also offers other benefits to employees, which aim to provide tools, conditions and mechanisms for staff to perform assigned duties, create vigorous social atmosphere, enforce corporate culture, as well as stimulate professional and academic growth of all staff members.

Among other benefits provided by Grant Thornton Amyot list:

- mobile telephones and connection SIM cards for all professional staff members, except assistants;
- transportation by company vehicles for staff members travelling on company business on daily basis and/or reimbursement of travel expenses incurred;
- paid vacation of 34 calendar days per annum;
- reimbursement of expenses incurred in obtaining professional qualifications including costs of books and study materials, but excluding tuition;
- reimbursement of fees related to membership in professional associations, obtaining and maintaining licenses and certifications;
- reimbursement of costs incurred in connection with attendance of professional conferences, seminars, training programs;
- organization and financing of social and recreational events for staff members and members of their immediate families;

- provision of health insurance to the employees and members of their immediate family. The company covers up to 70% of insurance expenses, depending on the income level of the employee.
- provision of appropriate accommodation and sufficient per diems to cover their living and transportation expenses for all employees travelling on international missions.

## UN Global Compact Principles ENVIRONMENT

- Business should support a precautionary approach to environmental challenges
- Business should undertake initiatives to promote greater environmental responsibility
- Business should encourage the development and diffusion of environmentally friendly technologies



Within Grant Thornton Amyot all necessary steps are taken to ensure maximal decrease of utilization of environmental resources and diffusion of environmentally friendly technologies. On annual basis the company updates its technological base to ensure that equipment with lower electricity spending is used. Among these updates are the introduction and intensive use of double-sided printers, which allow a significant decrease in the usage of paper.

Grant Thornton Amyot facilitates the conduct of the International Business Report in Armenia since 2007. The IBR of Grant Thornton International is an annual survey of the views of senior executives in privately held businesses of over 7,200 privately held businesses in 36 economies providing territory, regional and global trend data on the economic and commercial issues affecting a sector often described as the 'engine' of the world's economy. Environment is among the sectors of interest within the IBR, and a section in the questionnaire is dedicated to environment. Through the survey Grant Thornton strives to raise issues that are of concern in the contemporary world and summarizes the responses in series of press releases and sector reports. These publications are widely publicized through Grant Thornton International and the member firms around the world, including Armenia.

## UN Global Compact Principles ANTI-CORRUPTION

- Business should work against corruption in all its forms, including extortion and bribery



### Partnering Against Corruption Initiative

Grant Thornton International is a signatory of the Partnering Against Corruption Initiative (PACI) of the World Economic Forum. PACI is business driven global initiative with commitment from the top. The PACI's mission is to develop multi-industry principles and practices that will result in a competitive level playing field, based on integrity, fairness and ethical conduct. The PACI places the private sector in a unique position to guide governments' and international organizations' strategies and policies on anti-corruption and has built strong relationships with the key players and institutions from the global anti-corruption landscape.

The PACI Principles for Countering Bribery, create a common language on corruption and bribery valid for all industries firmly believing that corruption can not be countered without leadership and commitment from the top. The PACI is based on CEO commitment to zero-tolerance towards bribery and commitment to implement a practical and effective anti-corruption program within the company - or for companies that already have a program in place to benchmark the existing program against the PACI Principles.

### Ethical standards and anti-corruption in Grant Thornton Amyot

The Ethics and Quality Control Manual (EQCM), published by Grant Thornton International, and updated on regular basis, incorporates the organization's policy on ethical standards within the profession and standards against which quality is to be ensured. Among many of the issues targeted by the EQCM, the issue of maintaining independence is of primary importance. Specifically, the EQCM states that:

- Personnel and the member firm should not engage in any business, occupation or activity that impairs or might impair integrity or objectivity where professional standards require us to maintain independence.
- Persons of certain positions, such as partners, managers of members of the assurance team, are restricted from having any interest in an entity which is restricted globally.
- Employees are restricted from accepting any gifts or hospitality from a client of the firm unless the value is clearly insignificant. Gifts and hospitality with a value of less than USD 100 will be assumed to be insignificant.

### Accountability and Transparency (International)

Grant Thornton Amyot, as a member of Grant Thornton International, reports to the organization on the status of its activity. Besides that, each year Grant Thornton International carries out review on member firm compliance with the set requirements and standards. This procedure ensures that each member firm abides the requirements of membership and, upon breach of the standards, immediate measures are taken. Transparency of the global organization and its member firms is of keen importance in this profession. Earning and retention of credibility of public and clients is again of utmost importance. With this in mind, Transparency Report is issued by Grant Thornton International each year. The report is publicly available through the websites of the global organization and its member firms and is disseminated among stakeholders. In its several chapters, such as “Quality control systems”, “Independence practices”, “Quality people” and others, the report introduces the annual accomplishments and areas of interest or concern for the organization.

### Accountability and Transparency (Local)

Grant Thornton Amyot annually reports to the Ministry of Finance of the Republic of Armenia. By means of this reporting, the company once again ensures that all internal procedures and its activity are transparent and fair.

Internal transparency and accountability is ensured by the existence of seven partners in the company. Each of the partners is fully accountable to others, providing sound basis for transparent and fair activity.

As part of its strategy to maintain transparency and accountability to the public, the company closely cooperates with media. Grant Thornton Amyot always speaks out on matters that are important from the perspective of its sphere and to the wide society in general. Annually, the company organizes press conferences, issues several dozen press releases and remains fully transparent and open to the public.



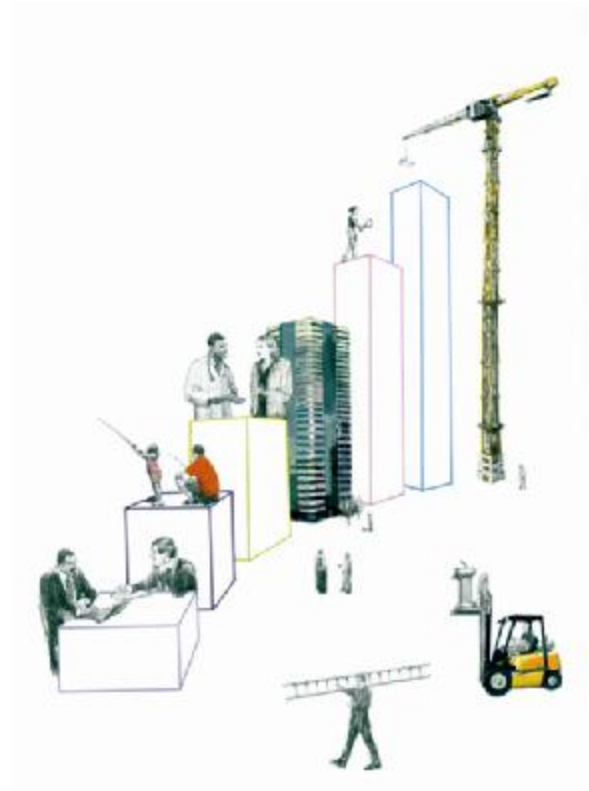
# Activities

## International Business Report 2009

For already three years Grant Thornton Amyot facilitates the conduct of the survey of International Business Report (IBR) in Armenia, as part of the International Business Report issued by Grant Thornton International.

The Grant Thornton International Business Report is an annual survey of the views of senior executives in privately held businesses all over the world. Launched in 1992 in nine European countries the report now surveys over 7,200 PHBs in 36 economies providing territory, regional and global trend data on the economic and commercial issues affecting a sector often described as the 'engine' of the world's economy.

This unique survey draws upon 17 years of trend data for most European participants and seven years for many non-European economies. The sample was randomly selected by number of employees or revenue of the businesses. A minimum sample size of 100 per country was surveyed in order to guarantee statistical reliability, although this number was higher in larger economies. The global sample includes businesses from all industry sectors with robust global data available for eight industry sectors: construction and real estate, technology, retail, financial services, health and education, manufacturing, transport and hospitality.



The IBR is a source of alternative information for businesses, providing them, in the beginning of the year, with an opportunity to think deeper into the areas of concern addressed through the range of questions, as well as get an insight on what is a top priority for businesses worldwide.

Grant Thornton International has donated a further US\$36,610 to UNICEF. The global accounting organisation donates US\$5 to UNICEF for every completed questionnaire for its International Business Report. Since September 2007 Grant Thornton International has donated a total of US\$113,055 to UNICEF.

David McDonnell, chief executive officer of Grant Thornton International said, "We are pleased to contribute to such a worthwhile cause and we will continue to do so. Like UNICEF, Grant Thornton International operates worldwide and we have a responsibility to contribute to the communities where our people live and work."

Hugh Mehta, corporate relations manager at UNICEF said, "Since 2007, Grant Thornton has donated an incredible \$113,055 through this initiative. UNICEF receives no statutory funding from the UN and we rely on the support of our friends like Grant Thornton International."

The funds will be used to support UNICEF's vital work. UNICEF helps children receive the support, health care and education they need to survive the threats of childhood poverty. UNICEF's mission is to advocate for the protection of children's rights, to help meet their basic needs and to expand their opportunities to reach their full potential.

### **"I Overcome the Crisis" Student Essay Competition**

As part of its commitment to encourage professional development of young specialists, Grant Thornton Amyot supported Mediamax Agency in its initiation of the "I Overcome the Crisis" student essay competition and established a prize for two participants of the competition.

The competition was initiated by Mediamax Agency and Banks.am portal, the Government of the Republic of Armenia and the Central Bank of Armenia. Grant Thornton Amyot, responding to the suggestion of competition organizers, established a special prize for two students - two-month internship in the company with the prospective of offering employment opportunity in the future upon reaching mutual agreement.

Taking into account the priority directions of the activity of the firm, the following two sub-topics were prioritized:

- what steps should be undertaken by private business in order to not only preserve, but also develop its business in crisis conditions;
- what steps should be undertaken by banks, possessing the necessary liquidity, in order to really assist development of economy and application of non-standard solutions.

The award ceremony took place on May 5, 2009, where authors of best essays were awarded with monetary and non-monetary prizes by the organizers of the contest, as well as the organizations which supported the initiation.

Deputy Managing Partner Grant Thornton Amyot Gagik Gyulbudaghyan handed certificates awarding the opportunity for participation in a 2-months internship program to students of ASUE Anahit Khachatryan and Tamara Hovhannisyan.



### **“Capital Markets in Armenia” Conference**

Grant Thornton Amyot, as the recognized leader in audit and advisory market in Armenia and one of the leading firms in the region, continues to invest into introduction and development of innovative concepts that will benefit the economy of the country.

As part of this investment, in February 2009 Grant Thornton Amyot organized a conference on **Capital Markets in Armenia**, which took place in Yerevan, Armenia. The initiation was driven by the impact of capital markets on development of the economies of the countries in our region and specifically in Armenia and the interest among businessmen towards public transactions.

By virtue of its significance this unique event was supported by a number of organizations and companies, including the RA Central Bank, the RA Ministry of Economy, the Union of Banks of Armenia, NASDAQ OMX Armenia, the American Chamber of Commerce in Armenia, USAID “Financial Sector Deepening Project”, Armenia Marriott hotel, “Mediamax” news agency, [Capitalmarket.Banks.am](http://Capitalmarket.Banks.am) web partner of the conference, “Basis” economic and “Business Class” magazines.

During the conference the speakers presented to the businessmen the perspectives of making Initial Public Offerings (IPOs), the tools and procedures related to capital markets and the peculiarities of their application in the economies that are newly entering these markets. The conference united representatives of public and private sectors, as well as international organizations.



As stated in the media, speaking at the launch of the conference, Minister of Economy of Armenia Nerses Yeritsyan stressed the importance of realizing such an event in conditions of the global financial-economic crisis. “A dual attitude is formed in the world today concerning capital markets, but in case with Armenia, one should not attach to it the pessimistic moods, that are present in the world markets, but, on the contrary, one should seek new investment opportunities”, Nerses Yeritsyan stated.

The Minister noted that capital market development is first of all a mechanism to distribute revenues, which we do not have in Armenia yet. In the context of capital market development, Nerses Yeritsyan stressed the importance of such events.

Regional Manager of NASDAQ OMX Armenia Johan Fredholm noted the growing interest towards Armenia among foreign investors, stressing the importance of the developing market and exchange infrastructure.

Managing Partner of Grant Thornton Amyot Armand Pinarbasi stated that “it is time for Armenia to use the opportunities of the capital market, studying the practice of other countries and applying it in Armenia, using the local peculiarities. Grant Thornton Amyot will continue to support such initiations and will be happy to provide its expertise and professional advice to all interested organizations”.



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